

BN Altanes Investments' Obuchowski Comments on Guidant Bids
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Dec. 5 (Bloomberg) -- Michael Obuchowski, a portfolio manager at Altanes Investments LLC in New York, comments on Boston Scientific Corp.'s unsolicited \$25 billion offer for Guidant Corp., the second-largest maker of defibrillators. He spoke today in a telephone interview.

Altanes owns shares of device makers St. Jude Medical Inc., Zimmer Holdings Inc. and Biomet Inc., and sold its Boston Scientific shares in July, Obuchowski said.

On the Boston Scientific bid:

``It's a very aggressive and pretty risky move.''

``Using their cash flow to drastically diversify their business is a pretty smart thing to do. How else are you going to grow next year when growth in stents slows down?

``This is a merger of equals with totally different cultures: Boston Scientific is a startup that grew into a large company, and Guidant's a spinoff from a bureaucratic behemoth, so how they would mesh is an open question.

``If integration were successful, it would change Boston Scientific into a diversified medical device manufacturer'' like Medtronic Inc., he said.

On the odds of each deal being completed:

``Right now it's probably 50-50. I don't see one being clearly ahead of the other bid.''

On potential takeover targets:

Shares of Medtronic and St. Jude are gaining on Boston Scientific's announcement today, he said.

``Medtronic is benefiting from the increasing confusion in the market, and St. Jude is an obvious other target for J&J if they still want to get into the heart-rhythm business and don't buy Guidant.''

Biomet, Zimmer, and Stryker Corp. may also be likely takeover targets, he said.

``Any medical device companies are attractive targets for pharmaceutical companies. They were spinoffs when drug divisions had higher profits and growth rates; and now, several years later, that has reversed. They are able to maintain growth rates when pharmaceuticals business slows down.''

--Editor: Greene

Story illustration: To see the history of Guidant's share price over the past year, click on {GDT US <Equity> GP D Roll <GO>}. For a history of Boston Scientific's earnings, see

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